

Iran: Transportation Options Under Different  
Economic Sanctions

SUMMARY

Since the takeover of the American Embassy in Tehran on 4 November 1979, Iran's international transport options have become more limited. On the seaborne side, reluctance on the part of international carriers and suppliers to move goods into Iranian ports has resulted in a substantial decline in international shipping services and the volume of imported goods. If this reduction continues, we would expect total Iranian seaborne imports to reach some 5 million tons on an annual basis, or about one-third the record seaborne import volume of 13 million tons achieved during the Iranian year ending 20 March 1978. In addition, overland routes to Iran via the Soviet Union and Turkey -- which handled some 20 percent of total Iranian imports in the past -- have become clogged at all major border crossings due to problems in Iran. We estimate that current throughput via these routes is down significantly and will remain so until internal transport and labor problems in Iran and ethnic disruptions around Tabriz -- the funnel through which major overland import flows from Turkey and the USSR proceed to Tehran -- are corrected.

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The two policy measures currently under consideration -- UN sanctions and passage of a Persian Gulf Resolution by the US Congress under the War Powers Resolution of November 1973 -- would further limit Iran's international transport options. As for a Persian Gulf Resolution, seaborne deliveries would most likely decline further as already skittish carriers and suppliers become even more reluctant to move goods into Iran and as maritime insurance rates to the Persian Gulf -- already considered a "war zone" by the insurance community -- increased. We judge that a Persian Gulf Resolution at most would reduce seaborne import traffic to three million tons on an annual basis. This assumes that most European and Japanese liner operations would be scared off. Iranian flag vessels by themselves, however, could carry at least 2 million tons of cargo; moreover, Iranian traders might get some additional help from Arab shipping firms. As for UN sanctions, the impact would depend on the willingness of traders to sell goods to Iran; by itself transportation would not be an important constraint.

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